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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 25, 2003

APPLICATION OF

CASE NO. PUE-2003-00116

KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

To revise its fuel factor
pursuant to § 56-249.6 of
the Code of Virginia

ORDER ESTABLISHING 2003-2004
FUEL FACTOR PROCEEDING

On March 14, 2003, Kentucky Utilities Company d/b/a Old Dominion Power Company in Virginia ("ODP" or the "Company") filed with the State Corporation Commission (the "Commission") an application along with testimony, exhibits, and a proposed tariff intended to increase its current fuel factor from 1.132¢ per kWh to 1.794¢ per kWh, effective May 1, 2003.

In its application, ODP indicates that the Company has actual data that shows an accumulated under-recovery balance of \$4,012,666 as of January 31, 2003, with a projected April 30, 2003, under-recovery balance of \$5,100,407. The Company proposes to implement a fuel factor, for the period May 1, 2003, through March 31, 2004, based on projected fuel expenses and sales for that period and an amortization of one-fourth of the projected April 30, 2003, under-recovery balance. Specifically,

the Company's projection of Virginia fuel expenses and Virginia sales for the period May 1, 2003, through March 31, 2004, results in an in-period factor of 1.636¢ per kWh. The Company proposes to add to the in-period factor a 0.158¢ per kWh correction factor designed to recover one-fourth of the projected April 30, 2003, under-recovery balance. This results in the proposed total fuel factor of 1.794¢ per kWh.

NOW THE COMMISSION, is of the opinion and finds that this matter should be docketed, that public notice and an opportunity for participation in this proceeding be given, and that a hearing should be scheduled. Based on the timing of the procedural schedule, we will allow the proposed fuel factor of 1.794¢ per kWh to be placed into effect, on an interim basis, beginning with ODP's May 2003 billing month.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2003-00116.

(2) A public hearing shall be convened on June 24, 2003, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence related to the establishment of ODP's fuel factor. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's

Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

(3) The Company may put its proposed fuel factor into effect, on an interim basis, effective with its May 2003 billing month.

(4) The Company shall forthwith make copies of its application, prefiled testimony, and exhibits available for public inspection during regular business hours at all company offices in Virginia where customer bills may be paid.

Interested persons may also review a copy of ODP's application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Company's application also may be obtained by requesting a copy of the same from counsel for ODP, Linda S. Portasik, Senior Regulatory Counsel, 220 West Main Street, P.O. Box 30210, Louisville, Kentucky 40232.

(5) On or before April 18, 2003, ODP shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF 2003-2004 FUEL FACTOR
PROCEEDING FOR OLD DOMINION POWER COMPANY

On March 14, 2003, Kentucky Utilities Company d/b/a Old Dominion Power Company in Virginia ("ODP" or the "Company") filed with the State Corporation Commission (the "Commission") an application along with

testimony, exhibits, and a proposed tariff intended to increase its current fuel factor from 1.132¢ per kWh to 1.794¢ per kWh, effective May 1, 2003.

In its application, ODP indicates that the Company has actual data that shows an accumulated under-recovery balance of fuel expenses \$4,012,666 as of January 31, 2003, with a projected April 30, 2003, under-recovery balance of \$5,100,407. The Company proposes to implement a fuel factor, for the period May 1, 2003, through March 31, 2004, based on projected fuel expenses and sales for that period and an amortization of one-fourth of the projected April 30, 2003, under-recovery balance. Specifically, the Company projects fuel expenses and sales for the period May 1, 2003, through March 31, 2004, to be 1.636¢ per kWh. The Company proposes to add to that 0.158¢ per kWh designed to recover one-fourth of the projected April 30, 2003, under-recovery balance. This results in the proposed fuel total factor of 1.794¢ per kWh effective May 1, 2003.

The Commission has scheduled a public hearing to commence at 10:00 a.m. on June 24, 2003, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the establishment of ODP's fuel factor.

The Company's application, prefiled testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in Virginia where customer bills may be paid. Interested persons may also review a copy of the application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Company's application also may be obtained by requesting a copy of the same from counsel for ODP, Linda S.

Portasik, Senior Regulatory Counsel,
220 West Main Street, P.O. Box 30210,
Louisville, Kentucky 40232. A copy of the
Commission's Order in this proceeding may be
obtained on the Commission's website,
www.state.va.us/scc/caseinfo/orders.htm

Any person desiring to make a statement
at the public hearing concerning the
application need only appear in the
Commission's Second Floor Courtroom at
9:45 a.m. on the day of the hearing and
identify himself or herself to the Bailiff.

On or before May 9, 2003, any
interested person may participate as a
respondent in this proceeding by filing an
original and fifteen (15) copies a notice of
participation with the Clerk of the
Commission, c/o Document Control Center,
P.O. Box 2118, Richmond, Virginia 23218-
2118, and shall simultaneously serve a copy
of the notice of participation on counsel to
the Company. Interested parties should
obtain a copy of the Commission's Order for
further details on participation as a
respondent.

All filings with the Clerk of the
Commission shall refer to Case No. PUE-2003-
00116 and shall simultaneously be served on
counsel for the Company at the address set
forth above.

KENTUCKY UTILITIES COMPANY D/B/A
OLD DOMINION POWER COMPANY

(6) On or before April 18, 2003, ODP shall serve a copy of
this Order on the chairman of the board of supervisors and
county attorney of each county and upon the mayor or manager of
every city and town (or upon equivalent officials in counties,
towns and cities having alternate forms of government) in which
the Company provides service. Service shall be made by first-

class mail to the customary place of business or residence of the person served.

(7) At the commencement of the hearing scheduled herein, ODP shall provide proof of service and notice as required in this Order.

(8) On or before May 9, 2003, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (4) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2003-00116.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, ODP shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before May 23, 2003, each respondent may file with the Clerk at the address set forth in Ordering Paragraph (8) above an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to ODP and on all other respondents.

(11) The Commission Staff shall investigate the reasonableness of ODP's estimated expenses and proposed fuel factor. On or before June 10, 2003, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(12) On or before June 17, 2003, ODP shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that the Company's expect to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(13) ODP and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.